

FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

In the matter of: Ted Poe for Congress

2007 SEP 24 A 11: 13

Virgil Poe, Treasurer

MUR No:

5940

SENSITIVE

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2007 SEP 24 P 11: 04

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington ("CREW") and Melanie Sloan bring this complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against Ted Poe for Congress ("TPC") and Virgil Poe, treasurer, for direct and serious violations of the Federal Election Campaign Act ("FECA").

Complainants

2. Complainant CREW is a non-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code. CREW is committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. CREW is dedicated to empowering citizens to have an influential voice in government decisions and in the governmental decision-making process. CREW uses a combination of research, litigation, and advocacy to advance its mission.

3. In furtherance of its mission, CREW seeks to expose unethical and illegal conduct of those involved in government. One way CREW does this is by educating citizens regarding the integrity of the electoral process and our system of government. Toward this end, CREW monitors the campaign finance activities of those who run for federal office and publicizes those who violate federal campaign finance laws. Through its website, press releases and other methods of distribution, CREW also files complaints with the FEC when it discovers violations

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of the FECA. Publicizing campaign finance violators and filing complaints with the FEC serves CREW's mission of keeping the public informed about individuals and entities who violate campaign finance laws and deterring future violations of campaign finance law.

4. In order to assess whether an individual, candidate, political committee or other regulated entity is complying with federal campaign finance law, CREW needs the information contained in receipts and disbursements reports that political committees must file pursuant to the FECA, 2 U.S.C. § 434(a)(2); 11 C.F.R. § 104.1. CREW is hindered in its programmatic activity when an individual, candidate, political committee or other regulated entity fails to disclose campaign finance information in reports of receipts and disbursements required by the FECA.

5. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated reports of receipts and disbursements are the only source of information CREW can use to determine if a candidate, political committee or other regulated entity is complying with the FECA. The proper administration of the FECA's reporting requirements includes mandating that all reports of receipts and disbursements required by the FECA are properly and timely filed with the FEC. CREW is hindered in its programmatic activity when the FEC fails to properly administer the FECA's reporting requirements.

6. Complainant Melanie Sloan is the executive director of Citizens for Responsibility and Ethics in Washington, a citizen of the United States and a registered voter and resident of the District of Columbia. As a registered voter, Ms. Sloan is entitled to receive information contained in reports of receipts and disbursements required by the FECA, 2 U.S.C. § 434(a)(2); 11 C.F.R. § 104.1. Ms. Sloan is harmed when a candidate, political committee or

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other regulated entity fails to report campaign finance activity as required by the FECA. See FEC v. Akins, 524 U.S. 11, 19 (1998), quoting Buckley v. Valeo, 424 U.S. 1, 66-67 (1976) (political committees must disclose contributors and disbursements to help voters understand who provides which candidates with financial support). Ms. Sloan is further harmed when the FEC fails to properly administer the FECA's reporting requirements, limiting her ability to review campaign finance information.

Respondents

7. Ted Poe is a United States Congressman representing the Second Congressional District of Texas. Ted Poe for Congress was the principal campaign committee for Congressman Poe's 2004 campaign. Virgil Poe is the current treasurer of Ted Poe for Congress and served as treasurer at the time of the events described in this complaint.

Factual Allegations

8. On April 20, 2004, Michelle Liljeroot of the FEC's Reports Analysis Division sent Ted Poe for Congress a Request for Additional Information ("RFAI") letter (attached as Exhibit A) indicating that a review of the 12 Day Pre-Primary Report filed by Ted Poe for Congress revealed that TPC had failed to provide complete information disclosing the identity of contributors who contributed in excess of \$200 in an election cycle. The letter directed TPC to "provide the missing information, or if you are unable to do so, you must demonstrate that 'best efforts' have been used to obtain the information. To establish 'best efforts,' you must provide the Commission with a detailed description of your procedures for requesting the information." Id. at 1.

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9. On June 29, 2004, Michelle Liljeroot of the FEC's Reports Analysis Division sent TPC a RFAI letter (attached as Exhibit B) indicating that a review of the April 15th Quarterly Report filed by TPC revealed that TPC had again failed to provide complete information disclosing the identity of contributors who contributed in excess of \$200 in an election cycle. The letter directed TPC to "provide the missing information, or if you are unable to do so, you must demonstrate that 'best efforts' have been used to obtain the information. To establish 'best efforts,' you must provide the Commission with a detailed description of your procedures for requesting the information." *Id.* at 4.

10. On August 24, 2004, Michelle Liljeroot of the FEC's Reports Analysis Division sent TPC a RFAI letter (attached as Exhibit C) indicating that a review of the July 15th Quarterly Report filed by TPC revealed that TPC had once again failed to provide complete information disclosing the identity of contributors who contributed in excess of \$200 in an election cycle. The letter directed TPC to "provide the missing information, or if you are unable to do so, you must demonstrate that 'best efforts' have been used to obtain the information. To establish 'best efforts,' you must provide the Commission with a detailed description of your procedures for requesting the information." *Id.* at 1-2.

11. On October 26, 2004, Michelle Liljeroot of the FEC's Reports Analysis Division sent TPC a RFAI letter (attached as Exhibit D) indicating that a review of the October 15th Quarterly Report filed by TPC revealed that TPC had once again failed to provide complete information disclosing the identity of contributors who contributed in excess of \$200 in an election cycle. The letter directed TPC to "provide the missing information, or if you are unable to do so, you must demonstrate that 'best efforts' have been used to obtain the information. To

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establish 'best efforts,' you must provide the Commission with a detailed description of your procedures for requesting the information." Id. at 2.

12. On November 9, 2004, Michelle Liljeroot of the FEC's Reports Analysis Division sent TPC a RFAI letter (attached as Exhibit E) indicating that a review of the 12 Day Pre-General Report filed by TPC revealed that TPC had once again failed to provide complete information disclosing the identity of contributors who contributed in excess of \$200 in an election cycle. The letter directed TPC to "provide the missing information, or if you are unable to do so, you must demonstrate that 'best efforts' have been used to obtain the information. To establish 'best efforts,' you must provide the Commission with a detailed description of your procedures for requesting the information." Id. at 1-2.

13. Pursuant to its authority under the FECA, 2 U.S.C. § 438(b), the FEC conducted an audit of Ted Poe for Congress for its activities during the 2004 primary and general election. Federal Election Commission, Report of the Audit Division on Ted Poe for Congress, November 6, 2003 - December 31, 2004 (June 25, 2007) (attached as Exhibit F). On August 1, 2007, the FEC approved the audit's findings. Id.

14. The FEC Audit Division determined that TPC failed to itemize \$196,789 in net proceeds it received from two joint fundraising committees in violation of 11 C.F.R. § 102.17(c)(8)(i)(B). Exhibit F at 6-7. Specifically, TPC failed to itemize contributions from the original contributors for transfers totaling \$100,782 from the 2004 Joint Candidate Committee II. Id. at 6. In addition, TPC failed to itemize transfers totaling \$96,007 from the Team Texas Committee. Id.

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15. The FEC Audit Division determined that TPC failed to disclose occupation and/or employer information for approximately 40% of the contributions it received from individuals in violation of 2 U.S.C. § 431(13) and 11 C.F.R. § 100.12. Exhibit F at 8. TPC received \$1,128,834 in contributions from individuals. Exhibit F at 2. Accordingly, TPC failed to adequately disclose the source of approximately \$451,534 that TPC raised for the 2004 primary and general election. Moreover, the FEC Audit Division determined that TPC failed to demonstrate that it had used its "best efforts" to obtain, maintain, and submit the information required by the FECA. 2 U.S.C. § 432(i). Exhibit F at 9. As noted above, the Reports Analysis Division sent TPC five separate RFAI letters during the 2004 campaign informing TPC that its reports failed to adequately identify its contributors and requesting that TPC provide the FEC with a detailed description of its procedures for requesting missing contributor information. Exhibit A at 1, Exhibit B at 4, Exhibit C at 1-2, Exhibit D at 2 and Exhibit E at 1-2.

COUNT I

16. FEC regulations require a principal campaign committee that receives a transfer from a joint fundraising committee to itemize its share of gross receipts as contributions from the original contributors. 11 C.F.R. § 102.17(c)(8)(i)(B).

17. TPC failed to itemize a total of \$196,789 in net proceeds that it received from two different joint fundraising committees in violation of 11 C.F.R. § 102.17(c)(8)(i)(B).

COUNT II

18. The FECA requires a principal campaign committee to use its best efforts to obtain, maintain and report the identification, including name, mailing address, occupation and

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employer name, of each contributor who contributes \$200 or more in a calendar year. 2 U.S.C. § 431(13); 2 U.S.C. § 432(i); 11 C.F.R. § 100.12.

19. TPC received five explicit warnings from the FEC Reports Analysis Division throughout the 2004 campaign that TPC was failing to use its best efforts to collect occupation and employer information from its contributors. Exhibit A at 1, Exhibit B at 4, Exhibit C at 1-2, Exhibit D at 2 and Exhibit E at 1-2.

20. Despite those five explicit warnings, TPC failed to disclose occupation and/or employer information for approximately 40% of the contributions it received from individuals – a total of approximately \$451,534 or more than one-quarter of the entire \$1,767,037 raised by TPC in the 2003-2004 election cycle – in violation of 2 U.S.C. 431(13) and 11 C.F.R. § 100.12.

Conclusion

WHEREFORE, Citizens for Responsibility and Ethics in Washington and Melanie Sloan request that the Federal Election Commission conduct an investigation into these allegations, declare the respondents to have violated the Federal Election Campaign Act and applicable FEC regulations, and impose sanctions appropriate to these violations and take such further action as may be appropriate.

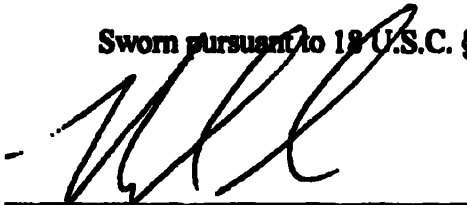


Melanie Sloan
Executive Director
Citizens for Responsibility and
Ethics in Washington
1400 Eye Street, N.W. Ste. 450
Washington, D.C. 20005
(202) 408-5565

Verification

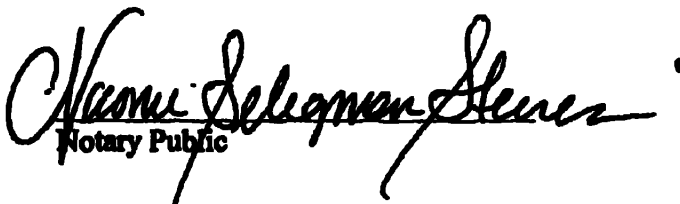
Citizens for Responsibility and Ethics in Washington, acting through Melanie Sloan, hereby verifies that the statements made in the attached Complaint are, upon information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001



Melanie Sloan

Sworn to and subscribed before me this 20th day of September, 2007.



Notary Public

NAOMI SELIGMAN STEINER
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires June 30, 2011

EXHIBIT A

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
GENERAL

2007 SEP 20 P 4:07

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20547

April 20, 2004

RQ-2

Virgil Poe, Treasurer
Ted Poe For Congress
PO Box 14222
Humble, TX 77347

Response Due Date:
May 20, 2004

Identification Number: C00392670

Reference: 12 Day Pre-Primary Report (1/1/04-2/16/04)

Dear Mr. Poe:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. An adequate response must be received at the Commission by the response date noted above. An itemization of the information needed follows:

-Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1)) See 11 CFR §104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

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TED POE FOR CONGRESS
PAGE 2

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a request via mail, e-mail or telephone documented in writing. (11 CFR § 104.7(b)(2)) Follow-up requests should be done, if necessary. These requests must be documented clearly in the form of written records. The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please amend your report to provide the missing information and a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide for Congressional Committees and Candidates.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please

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TED POE FOR CONGRESS

PAGE 3

contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1168.

Sincerely,



Michelle Lefore
Campaign Finance Analyst
Reports Analysis Division

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF THE CLERK
WASHINGTON, D.C.

2007 SEP 20 P 4:08

EXHIBIT B

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

June 29, 2004

RQ-2

Virgil Fox, Treasurer
Ted Fox For Congress
PO Box 14222
Houston, TX 77247

Response Due Date:
July 29, 2004

Identification Number: C00392670

Reference: April Quarterly Report (2/19/04-5/31/04)

Dear Mr. Fox:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. An adequate response must be received at the Commission by the response date noted above. An itemization of the information needed follows:

-Schedule A of your report discloses one or more contributions that appear to exceed the limits set forth in the Act (see attached). You should examine all of your contributions to check for additional excessive contributions. The Committee's procedures for processing contributions should also be reviewed.

An individual or a political committee other than an authorized committee or qualified multi-candidate committee may not make a contribution to a candidate for federal office in excess of \$2,000 per election. An authorized committee may not make a contribution to a candidate for federal office in excess of \$1,000 per election. A qualified multi-candidate committee and all affiliated committees may not make a contribution(s) to a candidate for federal office in excess of \$5,000 per election. The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. (2 U.S.C. §441a(a) and (j); 11 CFR §110.1(b), (e) and (k))

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the

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PAGE 2

clarifying information. If any contribution you received exceeds the limits, you may have to refund the excessive amount.

Excessive contributions may be retained if within sixty (60) days of receipt, the excessive portions are properly redesignated or reattributed. Guidelines for each option are provided below:

For reattributions, excessive contributions from individuals can be retained, if within sixty (60) days of receipt, the excessive amount is properly reattributed to another person. Please note that reattributions only apply to excessive contributions from individuals. An excessive contribution is considered properly reattributed if (1) the contributors provide the committee with written documentation, signed by each contributor, authorizing a retribution and indicating the amount of the contribution to be attributed to each contributor, or (2) the committee reattributes, by presumption, the excessive portion of the contribution if the contribution was made on a written instrument from a joint account and was signed by only one of the account holders. In this case, the treasurer must notify the contributors in writing within 60 days of receiving the contribution that the committee intends to retribute the excessive portion and must give the contributor an opportunity to request a refund. (11 CFR §101.1(b)(3)(ii)(B))

For redesignations, the funds can be retained if within sixty (60) days of receipt the excessive amount is properly redesignated for a different election. An excessive contribution is considered properly redesignated if (1) the committee obtains signed written documentation from the contributor(s) authorizing the redesignation of the contribution for another election, provided that the new designation does not exceed the limitations on contributions made with respect to that election, or (2) your committee redesignates by presumption the excessive portion of the contribution for another election provided that the new designation does not exceed the limitations on contributions made with respect to that election. In this case, the treasurer must notify the contributor of the redesignation in writing within 60 days of the treasurer's receipt of the contribution. The notification must give the contributor an opportunity to request a refund. (11 CFR §101.1(b)(5)(ii)(B)) Please note that you cannot cumulatively redesignate an excessive contribution from a multi-candidate committee. Also, a contribution can only be redesignated to a previous election to the extent that the contribution does not exceed the committee's net debts outstanding for that election. (11 CFR §101.1(b)(3)(i))

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PAGE 3

If the foregoing conditions for restitutions or redesignations are not met within 60 days of receipt of the contribution, the excessive amount must be refunded. See 11 CFR §103.3(h)(1).

Please inform the Commission of your corrective action immediately in writing and provide photocopies of any refund checks and/or letters restituting or redesignating the contributions in question. Refunds are reported on Line 20 of the Detailed Summary Page and on a supporting Schedule B of the report covering the period in which they are made. Redesignations and restitutions are reported as memo entries on Schedule A of the report covering the period in which the authorization for the redesignation and/or restitution is received. (11 CFR §104.9(d)(2), (3) and (4))

The acceptance of excessive contributions is a serious problem. Again, the committee's procedures for processing contributions should be examined and corrected in order to avoid this problem. Although the Commission may take further legal action, prompt action by you to refund, redesignate, and/or retribute of the excessive amount will be taken into consideration.

-Column B figures for the Summary and Detailed Summary Page information should equal the sum of the Column B figures on your previous report and the Column A figures on this report. Please file an amendment to your report to correct the Column B discrepancies for Lines 6(a), 6(e), 11(a)(II), 11(p), 11(e), 16 and all subsequent report(s) which may be affected by this correction. Note that Column B should reflect only the election cycle-to-date totals. (2 U.S.C. §434(b))

-Schedule A of your report indicates that your committee may have failed to file one or more of the required 48 hour notices regarding "last minute" contributions received by your committee after the close of books for the 12 Day Pre-Primary report (see attached). A principal campaign committee must notify the Commission, in writing, within 48 hours of any contribution of \$1,000 or more received between two and twenty days before an election. These contributions are then reported on the next report required to be filed by the committee. To ensure that the Commission is notified of last minute contributions of \$1,000 or more to your campaign, it is recommended that you review your procedures for checking contributions received during the aforementioned time period. The failure to file 48-hour notices may result in civil money penalties or legal enforcement action. If any contribution of \$1,000 or more was incorrectly reported, you must amend your original report with the clarifying information. (11 CFR §104.5(f))

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TED POE FOR CONGRESS

PAGE 4

Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-step process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1)) See 11 CFR §104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a request via mail, e-mail or telephone documented in writing. (11 CFR § 104.7(b)(2)) Follow-up requests should be done, if necessary. These requests must be documented clearly in the form of written records. The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please amend your report to provide the missing information and a detailed description of your procedures for requesting the information. For more

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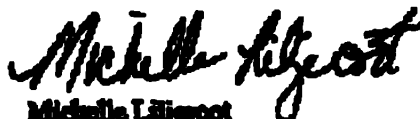
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PAGE 5

information on demonstrating "best efforts," please refer to the Campaign Guide for Congressional Committees and Candidates.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, denials and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1163.

Sincerely,



Michelle Lijewski
Campaign Finance Analyst
Reports Analysis Division

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Executive Contributions
 Ted Poe For Congress (C0002877)
 April Quarterly Report (P11111-001/04)

P = Primary Election
 G = General Election

CONTRIBUTOR NAME		DATE	AMOUNT	ELECTION
GARNER	CAROL	271004	\$2,000.00	P
GARNER	CAROL	224004	\$2,000.00	P
GARNER	PHILIP	271004	\$2,000.00	P
GARNER	PHILIP	224004	\$2,000.00	P
WELTSP	ILL	271004	\$2,000.00	P
WELTSP	ILL	224004	\$2,000.00	P

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Missing 48-hour notice
 Ted Poe For Congress (C00082870)
 April Quarterly Report (2/15/04 - 4/15/04)
 Primary Election 2004
 48 Hour Notice Period (2/15/04 - 4/15/04)

CONTRIBUTOR NAME		DATE	AMOUNT	ELECTION
GARNER	CAROL	2/15/04	\$2,000.00	P
GARNER	PHILIP	2/15/04	\$2,000.00	P
SERVICE CORP. INTERNATIONAL PAC		2/22/04	\$1,000.00	P
WALTRIP	IRL	2/22/04	\$2,000.00	P

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EXHIBIT C

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FEDERAL ELECTION
COMMISSION
OFFICE OF FEDERAL
ELECTIONS
2001 SEP 20 P 4:08



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

August 24, 2004

EQ-3

Virgil Poe, Treasurer
Ted Poe For Congress
PO Box 14222
Houston, TX 77247

Response Due Date:
September 23, 2004

Identification Number: C00392670

Reference: July Quarterly Report (4/1/04-6/30/04)

Dear Mr. Poe:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. An adequate response must be received at the Commission by the response date noted above. An itemization of the information needed follows:

-Your report contains incorrect Column B figures for Lines 6(a), 6(e), 11(a)(II), 11(e), 11(s) and 16 of the Summary and Detailed Summary Page information. When aggregating and reporting receipts and disbursements, candidate committees are required to disclose their activity on an election-cycle basis, from 11/6/02 to 11/2/04. Please amend your report to show election cycle-to-date figures for all aggregate amounts. (2 U.S.C. §434(b))

-Line 11(a)(I), Column A, of the Detailed Summary Page information, discloses \$217,800.00 in receipts. Schedule A supporting Line 11(a)(I) discloses \$219,800.00 in receipts. These figures should be the same. Please correct this discrepancy and file an amendment to your report. (11 CFR §104.3(a))

-Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. (11 CFR §104.3(a)(4)(I)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

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**TED POB FOR CONGRESS
PAGE 2**

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1)) See 11 CFR §104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a request via mail, e-mail or telephone documented in writing. (11 CFR § 104.7(b)(2)) Follow-up requests should be done, if necessary. These requests must be documented clearly in the form of written records. The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please amend your report to provide the missing information and a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide for Congressional Committees and Candidates.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated.

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**THE POE FOR CONGRESS
PAGE 3**

Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1168.

Sincerely,



Michelle Litzeroth
Campaign Finance Analyst
Reports Analysis Division

495

29044244795

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FEDERAL ELECTION
COMMISSION
SEP 20 2001
P 4:08

EXHIBIT D

29044244796

24035501755



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20541

October 26, 2004

RQ-2

Virgil Poe, Treasurer
Ted Poe For Congress
PO Box 14222
Humble, TX 77347

Response Due Date:
November 26, 2004

Identification Number: C00392670

Reference: October Quarterly Report (7/1/04-9/30/04)

Dear Mr. Poe:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. An adequate response must be received at the Commission by the response date noted above. An itemization of the information needed follows:

-Your report contains incorrect Column B figures for Lines 6(a), 6(c), 7(a), 7(c), 11(a)(III), 11(e), 11(f), 16, 17, and 22 of the Summary and Detailed Summary Page information. When aggregating and reporting receipts and disbursements, candidate committees are required to disclose their activity on an election-cycle basis, from 11/6/02 to 11/2/04. Please amend your report to show election cycle-to-date figures for all aggregate amounts. (2 U.S.C. §434(b))

-Line 11(a)(I), Column A, of the Detailed Summary Page information, discloses \$249,907.44 in receipts. Schedule A supporting Line 11(a)(I) discloses \$281,657.44 in receipts. These figures should be the same. Please correct this discrepancy and file an amendment to your report. (11 CFR §104.3)(a))

-Your report discloses a transfer of joint fundraising receipts (perdawn portion attached). You must provide a Memorandum Schedule A disclosing your share of gross receipts. Contributions from original contributors whose total contributions to your committee have exceeded \$200 during the election cycle must be itemized on this schedule. The

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TED POB FOR CONGRESS
PAGE 2

Itemization should include the full name, mailing address and zip code of the person, along with the name of his/her employer, the date of the contribution, his/her occupation, the election designation and the election cycle-to-date amount of contributions made by this person. If necessary, please provide a memo Schedule A containing the required information. (11 CFR §102.17(e)(5)(D)(B))

-Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1)) See 11 CFR §104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a request via mail, e-mail or telephone documented in writing. (11 CFR § 104.7(b)(2)) Follow-up requests should be done, if necessary. These requests must be documented clearly in the form of written records. The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled

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TED POE FOR CONGRESS**PAGE 3**

report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please amend your report to provide the missing information and a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide for Congressional Committees and Candidates.

-Your report discloses the receipt of a contribution from an unincorporated partnership. Generally, these types of contributions are attributed to each person based on their percentage of ownership in the firm. However, any other acceptable formula may be used. Each person who has contributed in excess of \$200 in the current election cycle should be identified, on a memo Schedule A, by name, address, occupation, name of employer, amount of contribution, and aggregate total. (11 CFR §110.1(e))

-Schedule A of your report contains entries for contributions made by more than one person. For contributions made by more than one individual in a single written instrument, you must report the amount attributed to each contributor along with all the required contributor information (full name, address, occupation and employer) in a separate entry for each person. See 11 CFR §§100.12, 104.3(a), (b) and (d)(1) and the Campaign Guide for Congressional Candidates for additional clarification.

-On Schedule B of your report, you have itemized disbursements for which you have failed to include the complete address and purpose. Please amend your report to include the missing information. (11 CFR §104.3(b)(4))

-Commission Regulations define the term "purpose" to mean a brief statement or description of why a disbursement was made. Examples are "dinner expense", "media", "salary", "polling", "travel", "party fees", "phone bank", "travel expenses", "travel expense reimbursement" and "catering contr". Examples of election day and voter registration activity include "exit polling", "door-to-door get out the vote", "get out the vote phone calls" and "driving voters to the polls". Unacceptable descriptions, which require additional clarification, include but are not limited to "advance", "consulting", "commission", "contract labor", "retainer", "election day expense", "expenses", "invoice", "support", "expense reimbursement", "miscellaneous", "professional services", "get-out-the-vote", "voter registration". (11 CFR §104.3(b)(4)(A)) Please amend Schedule B of your report to correct the descriptions that do not meet the requirements of the Regulations.

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TED POE FOR CONGRESS
PAGE 4

-Schedule B of your report discloses disbursements to credit card companies. When reporting payments to credit card companies, if the payment to the original vendor aggregates in excess of \$200 in an election cycle, you must itemize, as a memo entry, the name and address of the original vendor, together with the date, amount and purpose of the expenditure. If itemization is not necessary, you must indicate so in an amendment to this report. Please correct your report to include the missing information. (11 CFR §104.9)

-Schedule B of your report discloses reimbursements to individuals for transactions other than travel, meals and lodging. Please be advised that when itemizing reimbursements to individuals for goods or services, if the payment to the original vendor aggregates in excess of \$200 in an election cycle, a memo entry including the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. If itemization is not necessary, you must indicate so in an amendment to this report. Please correct your report to include the missing information. (11 CFR §§ 104.3(b)(4)(i) and 104.9, and Advisory Opinions 1992-1 and 1996-20)

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9330 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1168.

Sincerely,



Michelle Liffroot
 Campaign Finance Analyst
 Reports Analysis Division

24038801759

**SCHEDULE A (FEC Form 3)
TRANSFER RECEIPT**

**Use your marketing
creativity at the
2008 Summer Fair**

FOR LHM NUMBER: 1 FILE 114/250

plants, many more

110 115 120 125 130 135 140 145 150 155 160 165 170 175 180 185 190 195 200 205 210 215 220 225 230 235 240 245 250 255 260 265 270 275 280 285 290 295 300 305 310 315 320 325 330 335 340 345 350 355 360 365 370 375 380 385 390 395 400 405 410 415 420 425 430 435 440 445 450 455 460 465 470 475 480 485 490 495 500 505 510 515 520 525 530 535 540 545 550 555 560 565 570 575 580 585 590 595 600 605 610 615 620 625 630 635 640 645 650 655 660 665 670 675 680 685 690 695 700 705 710 715 720 725 730 735 740 745 750 755 760 765 770 775 780 785 790 795 800 805 810 815 820 825 830 835 840 845 850 855 860 865 870 875 880 885 890 895 900 905 910 915 920 925 930 935 940 945 950 955 960 965 970 975 980 985 990 995

Any information received from such persons and documents acquired by said agencies may pertain to any person or persons, groups or activities, whether or not connected with the Communist Party, and may be used for the purpose of the national emergency to which the information was furnished.

NUMBER OF COUNTRIES (in Pct)

► Total Payroll Categories

FOR THE RECORD

James Jones' *Survivor*

Address: 221 E. Washington St., Ste 115

64

10

2000

Abstract

YA

2014

PCB Director of Technology
Technical Services

C

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Methods

2021

Plasma

15. General

ORDER NO.

Monday, October 20, 2008

摘要

Date of Writing

00 20 2004

電話: 40150880

FOR INFORMATION: 470-8369

157942

Threats, Flaws & Mitigations

**Start Improved Due to Company's
Changing PUBLIC-Relations**

RECOVERY OF BURNING THE CASH CROPS

1990.54

TOTAL Unrecovered paid page 16 to the number 1000

1970-24

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2007 SEP 20 P 4: 08

EXHIBIT E

29044244802

24038814089



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20541

RQ-2

November 9, 2004

Virgil Poe, Treasurer
Ted Poe For Congress
PO Box 14222
Humble, TX 77347

Response Due Date
December 9, 2004

Identification Number: C00392670

Reference: 12 Day Pre-General Report (10/1/04-10/13/04)

Dear Mr. Poe:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. An adequate response must be received at the Commission by the response date noted above. An itemization of the information needed follows:

-Column B figures for the Summary and Detailed Summary Page information should equal the sum of the Column B figures on your previous report and the Column A figures on this report. Please file an amendment to your report to correct the Column B discrepancies for Lines 7(a), 7(s), 17, 22 and all subsequent report(s) which may be affected by this correction. Note that Column B should reflect only the election cycle-to-date totals. (2 U.S.C. §434(b))

-Line 11(a)(i), Column A, of the Detailed Summary Page information, discloses \$24,530.00 in receipts. Schedule A supporting Line 11(a)(i) discloses \$24,800.00 in receipts. These figures should be the same. Please correct this discrepancy and file an amendment to your report. (11 CFR §104.5(a))

-Commission Regulations require that a committee disclose the identification of all individuals who contribute in excess of \$200 in an election cycle. (11 CFR §104.3(a)(4)(i)) Identification for an individual is defined as the full name, mailing address, occupation and name of employer. (11 CFR §100.12) Your report discloses contributions from individuals for which the identification is not complete.

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**TED POE FOR CONGRESS
PAGE 2**

You must provide the missing information, or if you are unable to do so, you must demonstrate that "best efforts" have been used to obtain the information. To establish "best efforts," you must provide the Commission with a detailed description of your procedures for requesting the information. Establishing "best efforts" is a three-fold process.

First, your original solicitation must include a clear and conspicuous request for the contributor information and must inform the contributor of the requirements of federal law for the reporting of such information. (11 CFR §104.7(b)(1)) See 11 CFR §104.7(b)(1)(B) for examples of acceptable statements regarding the requirements of federal law.

Second, if the information is not provided, you must make one follow-up, stand alone effort to obtain this information, regardless of whether the contribution(s) was solicited or not. This effort must occur no later than 30 days after receipt of the contribution and may be in the form of a request via mail, e-mail or telephone documented in writing. (11 CFR § 104.7(b)(2)) Follow-up requests should be done, if necessary. These requests must be documented clearly in the form of written records. The requests must:

- clearly ask for the missing information, without soliciting a contribution;
- inform the contributor of the requirements of federal law for the reporting of such information, and
- if the request is written, include a pre-addressed post card or return envelope.

Third, if you receive contributor information after the contribution(s) has been reported, you should either a) file with your next regularly scheduled report, an amended memo Schedule A listing all the contributions for which additional information was received; or b) file on or before your next regularly scheduled reporting date, amendments to the report(s) originally disclosing the contribution(s). (11 CFR §104.7(b)(4))

Please amend your report to provide the missing information and a detailed description of your procedures for requesting the information. For more information on demonstrating "best efforts," please refer to the Campaign Guide for Congressional Committees and Candidates.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated.

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**TED POE FOR CONGRESS
PAGE 3**

Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include amendments, deletions and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9330 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1168.

Sincerely,



Michelle L. Herroot
Campaign Finance Analyst
Reports Analysis Division

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
GENERAL

2001 SEP 20 P 4: 08

EXHIBIT F

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

2007 JUN 26 A 10:42

June 25, 2007

MEMORANDUM

AGENDA ITEM
For Meeting of: 07-12-07

To: The Commissioners

Through: Patrina M. Clark *PMC*
Staff Director

John D. Gibson *JDG*
Acting Chief Compliance Officer

From: Joseph F. Stoltz *JFS*
Assistant Staff Director
Audit Division

Martin L. Favin *MLF*
Audit Manager

Terrence J. O'Brien *TJO*
Lead Auditor

Subject: Report of the Audit Division on Ted Poe for Congress (A05-03)

Attached for your approval is the subject report.

Recommendation

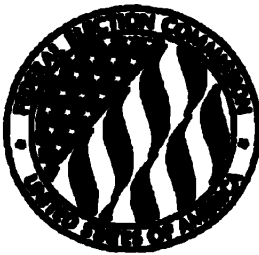
The Audit staff recommends that the report be approved.

This report is being circulated on a tally vote basis. Should an objection be received, it is recommended that the report be considered at the next regularly scheduled open session. If you have any questions, please contact Marty Favin or Terry O'Brien at 694-1200.

Attachment:

Report of the Audit Division on Ted Poe for Congress

29044244807



Report of the Audit Division on Ted Poe for Congress

November 6, 2003 – December 31, 2004

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Campaign (p. 2)

Ted Poe for Congress (TPC) is the principal campaign committee for Ted Poe, Republican candidate for the U.S. House of Representatives from the state of Texas, 2nd district. TPC is headquartered in Humble, Texas. For more information, see chart on the Campaign Organization, p. 2.

Financial Activity (p. 2)

• Receipts	
◦ Contributions from Individuals	\$ 1,128,834
◦ Contributions from Political Committees	441,086
◦ Transfers from Authorized Committees	196,789
◦ Offsets to Operating Expenditures	328
◦ Total Receipts	\$ 1,767,037
• Disbursements	
◦ Operating Expenditures	\$ 1,703,187
◦ Contribution Refunds	6,050
◦ Total Disbursements	\$ 1,709,237

Findings and Recommendations (p. 3)

- Misstatement of Financial Activity (Finding 1)
- Disclosure of Proceeds from Joint Fundraising Activity (Finding 2)
- Documentation for Receipts (Finding 3)
- Disclosure of Occupation/Name of Employer (Finding 4)

¹ 2 U.S.C. §438(b).

**Report of the Audit Division
on
Ted Poe for Congress**

November 6, 2003 – December 31, 2004



29044244809

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Finding 3. Documentation for Receipts	7
Finding 4. Disclosure of Occupation/Name of Employer	8

29044244810

Part I Background

Authority for Audit

This report is based on an audit of Ted Poe for Congress (TPC),² undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 2 U.S.C. §438(b).

Scope of Audit

This audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The disclosure of disbursements, debts and obligations.
5. The consistency between reported figures and bank records.
6. The completeness of records.
7. Other committee operations necessary to the review.

² Effective February 11, 2005, Ted Poe for Congress changed its name to Poe for Congress.

Part II

Overview of Campaign

Campaign Organization

Important Dates	Ted Poe for Congress
• Date of Registration	November 17, 2003
• Audit Coverage	November 6, 2003 - December 31, 2004
Headquarters	Humble, TX
Bank Information	
• Bank Depositories	One
• Bank Account	One Checking
Treasurer	
• Treasurer When Audit Was Conducted	Virgil Poe
• Treasurer During Period Covered by Audit	Virgil Poe
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Campaign Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ November 6, 2003	\$ 0
o Contributions from Individuals	\$ 1,128,834
o Contributions from Political Committees	441,086
o Transfers from Authorized Committees	196,789
o Offsets to Operating Expenditures	328
Total Receipts	\$ 1,767,037
o Operating Expenditures	\$ 1,703,187
o Contribution Refunds	6,050
Total Disbursements	\$ 1,709,237
Cash on hand @ December 31, 2004	\$57,800

29044244812

Part III

Summaries

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

A comparison of TPC's reported figures to bank records revealed that TPC had materially misstated receipts, disbursements, and the ending cash on hand balances for calendar years 2003 and 2004. The Audit staff recommended that TPC file amended reports to correct the misstatements. In response, TPC materially corrected the misstatements. (For more detail, see p. 4)

Finding 2. Disclosure of Proceeds from Joint Fundraising Activity

TPC did not properly disclose the receipt of net proceeds from joint fundraising activity with the 2004 Joint Candidate Committee II and the Team Texas Committee. The Audit staff recommended that TPC file amended reports to correctly disclose these receipts. In response, TPC filed amended reports materially correcting the disclosure of the joint fundraising proceeds. (For more detail, see p. 6)

Finding 3. Documentation for Receipts

The Audit staff reviewed contributions from individuals and determined that 19% were not properly documented. The errors were all associated with contributions in excess of \$50 for which a copy of the contributor check was not retained by TPC. The Audit staff recommended that TPC provide any additional records that it is able to locate and provide any other relevant information.

In response, TPC's counsel stated that its bank keeps copies of contributor checks received by the committee, which complies with 11 CFR §102.9(a)(4). TPC also provided several contributor check copies it had recently obtained from its bank, but none of these corrected any of the sample errors. The bank routinely maintaining checks does not comply with the regulation. (For more detail, see p. 7)

Finding 4. Disclosure of Occupation/Name of Employer

TPC did not adequately disclose the occupation and/or name of employer for approximately 40% of contributions from individuals itemized on its disclosure reports and no "best efforts" to obtain, maintain, and submit the information was documented. The Audit staff recommended that TPC provide evidence that it exercised "best efforts" to obtain the missing information, attempt to contact the contributors to obtain the necessary information, submit evidence of such efforts and disclose any information received in amended reports. In response, TPC filed amended reports that materially disclosed occupation/name of employer information. (For more detail, see p. 8)

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Part IV

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

Summary

A comparison of TPC's reported figures to bank records revealed that TPC had materially misstated receipts, disbursements, and the ending cash on hand balances for calendar years 2003 and 2004. The Audit staff recommended that TPC file amended reports to correct the misstatements. In response, TPC materially corrected the misstatements.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; and
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. §434(b)(1), (2), (3), (4) and (5).

Facts and Analysis

The Audit staff reconciled TPC's reported activity to the bank records and determined there was a misstatement of cash on hand, receipts, and disbursements for calendar years 2003 and 2004. The following charts details the discrepancies for each year. Succeeding paragraphs explain, to the extent possible, why the discrepancies occurred.

2003 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance ● November 6, 2003	\$0	\$0	\$0
Receipts	\$106,260	\$101,260	\$5,000 Overstated
Disbursements	\$22,856	\$24,086	\$1,230 Understated
Ending Cash Balance ● December 31, 2003	\$83,404	\$77,174	\$6,230 Overstated

The overstatement of receipts was the result of the following:

- | | |
|--|----------------|
| • Reported contribution from a political committee was returned from the bank for insufficient funds (December 2003) | \$5,000 |
| Overstatement | <u>\$5,000</u> |

29044244814

The understatement of disbursements was the net result of the following:

• Net under reporting of payroll disbursements ³	\$1,142
• Unreported bank fees	90
• Over reported disbursement	<u>(2)</u>
Net understatement	\$1,230

The overstatement of ending cash on hand in the amount of \$6,230 was the result of the misstatements noted above.

2004 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance • January 1, 2004	\$83,404	\$77,174	\$6,230 Overstated
Receipts	\$1,565,264	\$1,665,777	\$100,513 Understated
Disbursements	\$1,500,011	\$1,685,151	\$185,140 Understated
Ending Cash Balance • December 31, 2004	\$148,657	\$57,800	\$90,857 Overstated

The understatement of receipts was the result of the following:

• Contributions from individuals not reported	\$84,397
• Net under reporting of contributions from political committees	15,115
• Unexplained difference	<u>1,000</u>
Understatement	\$100,513

The understatement of disbursements was the net result of the following:

• Operating expenditures not reported	\$316,621
• Operating expenditures reported twice	(71,738)
• Operating expenditures reported but not located in bank records	(43,800)
• Reported \$15,000 disbursement as \$1,500	13,500
• Unexplained difference	<u>(29,443)</u>
Net understatement	\$185,140

The overstatement of ending cash on hand in the amount of \$90,857 was the result of the misstatements noted above.

At the exit conference, the Audit staff provided TPC representatives with schedules detailing these misstatements. TPC representatives offered no comments.

³ TPC failed to report six payroll disbursements totaling \$12,219 while it reported five payroll-related disbursements totaling \$11,076 that could not be traced to bank records.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that TPC file amended reports for calendar years 2003 and 2004. It was further recommended that the most recent report be amended to show the adjusted cash on hand balance along with an explanation that it resulted from audit adjustments from a prior period. In response, TPC filed the recommended amended reports.

Finding 2. Disclosure of Proceeds from Joint Fundraising Activity

Summary

TPC did not properly disclose the receipt of net proceeds from joint fundraising activity with the 2004 Joint Candidate Committee II and the Team Texas Committee. The Audit staff recommended that TPC file amended reports to correctly disclose these receipts. In response, TPC filed amended reports materially correcting the disclosure of the joint fundraising proceeds.

Legal Standard

Itemization of Contributions from Joint Fundraising Efforts. Participating political committees must report joint fundraising proceeds in accordance with 11 CFR 102.17(c)(8) when such funds are received from the fundraising representative. 11 CFR §102.17(c)(3)(iii).

Each participating political committee reports its share of the net proceeds as a transfer-in from the fundraising representative and must also file a memo Schedule A (Itemized Receipts) itemizing its share of gross receipts as contributions from the original contributors to the extent required under 11 CFR 104.3(a). 11 CFR §102.17(c)(8)(i)(B).

Facts and Analysis

The Audit staff determined that TPC received a total of \$196,789 in net proceeds from joint fundraising activity; \$100,782 from the 2004 Joint Candidate Committee II and \$96,007 from the Team Texas Committee. This activity was properly itemized as transfers-in from the fundraising representative on Schedules A, however, TPC did not disclose memo entries on Schedules A itemizing its share of the gross receipts as contributions from the original contributors. This information was contained in TPC's contributions database.

At the exit conference, the Audit staff discussed this matter with TPC representatives. TPC representatives offered no comments.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that TPC file amended reports to include memo entries on Schedules A itemizing its share of the gross receipts from the joint fundraising activity as contributions from the original contributors. In response, TPC filed the recommended amended reports. TPC stated in its response that it had followed the reporting

instructions provided by the joint fundraising representatives. TPC also noted that the proceeds received from joint fundraising activity referenced above were originally itemized as transfers-in from the fundraising representatives.

Finding 3. Documentation for Receipts

Summary

The Audit staff reviewed contributions from individuals and determined that 19% were not properly documented. The errors were all associated with contributions in excess of \$50 for which a copy of the contributor check was not retained by TPC. The Audit staff recommended that TPC provide any additional records that it is able to locate and provide any other relevant information.

In response, TPC's counsel stated that its bank keeps copies of contributor checks received by the committee, which complies with 11 CFR §102.9(a)(4). TPC also provided several contributor check copies it had recently obtained from its bank, but none of these corrected any of the sample errors. The bank routinely maintaining checks does not comply with the regulation.

Legal Standard

A. Retention of Check Copies. For contributions in excess of \$50, committees must maintain a photocopy or digital image of the check or written instrument. 11 CFR §102.9(a)(4).

B. Preserving Documents. Committees must preserve these records for 3 years after a report is filed. 2 U.S.C. §432(d).

Facts and Analysis

The Audit staff reviewed contributions from individuals on a sample basis and determined that approximately 19% of these items were not properly documented. The only documentation available for these contributions was the entries in TPC's electronic database. The errors were for contributions greater than \$50 for which there was no copy of the check or written instrument.

The Audit staff presented this matter to TPC representatives at the exit conference. TPC representatives indicated that they would attempt to obtain the necessary documentation and provide it to the Audit staff.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that TPC provide any additional records that it was able to locate and any other relevant information. In response, TPC's counsel stated that its bank, acting as "an agent authorized by the treasurer," keeps copies of contributor checks received by the committee, and TPC is therefore in compliance with 11 CFR §102.9(a)(4). Also included in the response, TPC provided several contributor check copies it had recently obtained from its bank but none of these corrected any of the sample errors.

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TPC's bank routinely maintaining TPC's checks and other deposit documentation does not comply with the regulation requiring committees to maintain a photocopy or digital image of contributor checks.

Finding 4. Disclosure of Occupation/Name of Employer

Summary

TPC did not adequately disclose the occupation and/or name of employer for approximately 40% of contributions from individuals itemized on its disclosure reports and no "best efforts" to obtain, maintain, and submit the information was documented. The Audit staff recommended that TPC provide evidence that it exercised "best efforts" to obtain the missing information, attempt to contact the contributors to obtain the necessary information, submit evidence of such efforts and disclose any information received in amended reports. In response, TPC filed amended reports that materially disclosed occupation/name of employer information.

Legal Standard

A. Required Information for Contributions from Individuals. For each itemized contribution from an individual, the committee must provide the following information:

- The contributor's full name and address (including zip code);
- The contributor's occupation and the name of his or her employer;
- The date of receipt (the date the committee received the contribution);
- The amount of the contribution; and
- The election cycle-to-date total of all contributions from the same individual. 2 U.S.C. §434(b)(3)(A) and 11 CFR §§100.12 and 104.3(a)(4).

B. Best Efforts Ensures Compliance. When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee's reports and records will be considered in compliance with the Act. 2 U.S.C. §432(j).

C. Definition of Best Efforts. The treasurer and the committee will be considered to have used "best efforts" if the committee satisfied all of the following criteria:

- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
- Within 30 days after the receipt of the contribution not accompanied by complete information, the treasurer made at least one effort to obtain the missing information, via either a written request or a documented oral request.
- The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee's records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).

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Facts and Analysis

A sample review of contributions from individuals disclosed on Schedules A (Itemized Receipts) indicated that TPC failed to disclose the occupation and/or name of employer, for approximately 40% of the tested contributions. In some instances, the missing information was maintained in TPC's records. For those contributors for whom the information was not in TPC's records, no evidence was available to demonstrate that TPC had exercised "best efforts" to obtain, maintain, and submit the information.

The Audit staff presented this matter to TPC representatives at the exit conference. TPC representatives asked the best way to comply with this recommendation. The Audit staff responded that TPC should provide evidence of its best efforts to obtain, maintain and submit the missing contributor information; contact the contributors in an attempt to obtain this information; and, file amended reports for any information it obtains or already has in its possession.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that TPC take the following action:

- Provide documentation that it exercised best efforts to obtain, maintain and submit the required contributor information; or
- Make an effort to contact those individuals for whom the required information was not in TPC files and provide documentation of such efforts (such as copies of letters to the contributors and/or phone logs); and,
- File amended reports to disclose any information in TPC's possession as well as information obtained in response to this recommendation.

In response, TPC filed amended reports that materially disclosed occupation/name of employer information.

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CASE INDEX FORM

CASE NO. & NAME: Ted Poe for Congress -A05-03

STAFF ASSIGNED: Marty Favin, Manager
Terry O'Brien, Lead Auditor

TELEPHONE: Audit - 202-694-1200

DATE
March 1, 2005

DOCUMENT
RAD Referral

June 28, 2005

Audit Scope Determination

December 6, 2005

Adjustments to Audit Scope

February 7, 2007

Interim Audit Report

April 3, 2007

Response to Interim Audit Report
(Narrative Portion)

For more information or to request any of the documents listed above, contact
Marty Favin at 694-1200.

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